

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 2695**

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**Introduced by Assembly Member Patterson**

February 21, 2014

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~~An act to amend Section 739.9 of the Public Utilities Code, relating to electricity. An act to add Sections 715.5 and 9621 to the Public Utilities Code, relating to electricity.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 2695, as amended, Patterson. ~~Electricity: residential rates. Electricity: billing disclosures.~~

(1) *The Public Utilities Act vests the Public Utilities Commission (PUC) with the regulatory authority over public utilities, including electrical corporations.*

*This bill would require the PUC to require an electrical corporation to include in its billing statements for its residential customers and to post on its Internet Web site an easy-to-understand chart breaking down all the costs reflected in the retail price of electricity charged by the electrical corporation.*

*Because a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime, this bill would impose a state-mandated local program.*

(2) *Existing law vests the State Energy Resources Conservation and Development Commission (Energy Commission) with certain regulatory authority over local publicly owned electric utilities regarding energy efficiency and purchase of renewable energy resources.*

*This bill would require the Energy Commission to develop guidelines for local publicly owned electric utilities on the development of an*

*easy-to-understand chart breaking down all the costs reflected in the retail price of electricity charged by the utilities that would be included in the billing statements for their residential customers and posted on their Internet Web sites.*

*(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

~~Existing law authorizes the Public Utilities Commission, beginning January 1, 2015, to authorize fixed electricity charges that do not exceed a specified amount per residential customer account per month. Existing law, beginning January 1, 2016, authorizes the adjustment of the maximum allowable fixed charge by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 715.5 is added to the Public Utilities
- 2     Code, to read:
- 3     715.5. The commission shall order an electrical corporation
- 4     to include in its billing statements for its residential customers and
- 5     to post on its Internet Web site an easy-to-understand chart
- 6     breaking down all the costs, including costs associated with
- 7     mandated programs, reflected in the retail price of electricity
- 8     charged by that electrical corporation. The chart may take the
- 9     form cited in page 44 of the Little Hoover Commission's report,
- 10    "Rewiring California: Integrating Agendas for Energy Reform,"
- 11    issued December 2012.
- 12    SEC. 2. Section 9621 is added to the Public Utilities Code, to
- 13    read:
- 14    9621. The Energy Commission shall develop guidelines for
- 15    local publicly owned electric utilities on the development of an
- 16    easy-to-understand chart that would be included in the billing
- 17    statements for their residential customers and posted on their

1 *Internet Web sites, breaking down all the costs, including costs*  
2 *associated with mandated programs, reflected in the retail price*  
3 *of electricity charged by that electrical corporation. The chart*  
4 *may take the form cited in page 44 of the Little Hoover*  
5 *Commission's report, "Rewiring California: Integrating Agendas*  
6 *for Energy Reform," issued December 2012.*

7 *SEC. 3. No reimbursement is required by this act pursuant to*  
8 *Section 6 of Article XIII B of the California Constitution because*  
9 *the only costs that may be incurred by a local agency or school*  
10 *district will be incurred because this act creates a new crime or*  
11 *infraction, eliminates a crime or infraction, or changes the penalty*  
12 *for a crime or infraction, within the meaning of Section 17556 of*  
13 *the Government Code, or changes the definition of a crime within*  
14 *the meaning of Section 6 of Article XIII B of the California*  
15 *Constitution.*

16 ~~SECTION 1. Section 739.9 of the Public Utilities Code is~~  
17 ~~amended to read:~~

18 ~~739.9. (a) "Fixed charge" means any fixed customer charge,~~  
19 ~~basic service fee, demand differentiated basic service fee, demand~~  
20 ~~charge, or other charge not based upon the volume of electricity~~  
21 ~~consumed.~~

22 ~~(b) Increases to electrical rates and charges in rate design~~  
23 ~~proceedings, including any reduction in the California Alternate~~  
24 ~~Rates for Energy (CARE) discount, shall be reasonable and subject~~  
25 ~~to a reasonable phase-in schedule relative to the rates and charges~~  
26 ~~in effect prior to January 1, 2014.~~

27 ~~(c) Except as provided in subdivision (c) of Section 745, the~~  
28 ~~commission shall require each electrical corporation to offer default~~  
29 ~~rates to residential customers with at least two usage tiers. The~~  
30 ~~first tier shall include electricity usage of no less than the baseline~~  
31 ~~quantity established pursuant to paragraph (1) of subdivision (d)~~  
32 ~~of Section 739.~~

33 ~~(d) Consistent with the requirements of Section 739, the~~  
34 ~~commission may modify the seasonal definitions and applicable~~  
35 ~~percentage of average consumption for one or more climatic zones.~~

36 ~~(e) The commission may adopt new, or expand existing, fixed~~  
37 ~~charges for the purpose of collecting a reasonable portion of the~~  
38 ~~fixed costs of providing electric service to residential customers.~~  
39 ~~The commission shall ensure that any approved charges do all of~~  
40 ~~the following:~~

1     ~~(1) Reasonably reflect an appropriate portion of the different~~  
2 ~~costs of serving small and large customers.~~

3     ~~(2) Not unreasonably impair incentives for conservation and~~  
4 ~~energy efficiency.~~

5     ~~(3) Not overburden low-income customers.~~

6     ~~(f) For the purposes of this section and Section 739.1, the~~  
7 ~~commission may, beginning January 1, 2015, authorize fixed~~  
8 ~~charges that do not exceed ten dollars (\$10) for each residential~~  
9 ~~customer account per month for customers not enrolled in the~~  
10 ~~CARE program and five dollars (\$5) for each residential customer~~  
11 ~~account per month for customers enrolled in the CARE program.~~  
12 ~~Beginning January 1, 2016, the maximum allowable fixed charge~~  
13 ~~may be adjusted by no more than the annual percentage increase~~  
14 ~~in the Consumer Price Index for the prior calendar year. This~~  
15 ~~subdivision applies to any default rate schedule, at least one~~  
16 ~~optional tiered rate schedule, and at least one optional time variant~~  
17 ~~rate schedule.~~

18     ~~(g) This section does not require the commission to approve~~  
19 ~~any new or expanded fixed charge.~~

20     ~~(h) The commission may consider whether minimum bills are~~  
21 ~~appropriate as a substitute for any fixed charges.~~